

DONELAN, CLEARY, WOOD & MASER, P. C.

ATTORNEYS AND COUNSELORS AT LAW

SUITE 850

1275 K STREET, N. W.

WASHINGTON, D. C. 20005-4078

TELEPHONE: (202) 371-9500

TELECOPIER: (202) 371-0900

August 27, 1992

ORIGINAL
FILE

By Hand Delivery

Ms. Donna R. Searcy

Secretary

Federal Communications Commission

Room 222

1919 M Street, N.W.

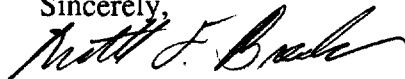
Washington, D.C. 20554

Re: CC Docket No. 92-77
In the Matter of Billed Preference for 0+ InterLATA Calls

Dear Ms. Searcy:

Transmitted herewith for filing on behalf of PhoneTel Technologies, Inc. are an original and five copies of its reply comments on the Commission's billed party preference proposal in the above-captioned matter. If there are any questions, please communicate directly with the undersigned.

Sincerely,



Mitchell F. Brecher

Counsel for PhoneTel Technologies, Inc.

Enclosure

No. of Copies rec'd
List A B C D E

0+4

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

RECEIVED
AUG 27 1992
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

BILLED PARTY PREFERENCE
FOR 0+ INTERLATA CALLS

CC Docket No. 92-77

REPLY COMMENTS OF PHONETEL TECHNOLOGIES, INC.
ON BILLED PARTY PREFERENCE

Mitchell F. Brecher
DONELAN, CLEARY, WOOD & MASER, P.C.
1275 K Street, N.W.
Suite 850
Washington, DC 20005-4078
(202) 371-9500

Attorneys for PhoneTel Technologies, Inc.

August 27, 1992

TABLE OF CONTENTS

	<u>Page #</u>
TABLE OF CONTENTS	i
SUMMARY	ii
INTRODUCTION.....	1
I. ANTICIPATED COSTS OF BILLED PARTY PREFERENCE GREATLY EXCEED EARLIER PROJECTIONS	3
II. IRRESPECTIVE OF COST, BILLED PARTY PREFERENCE CANNOT BE IMPLEMENTED FOR YEARS AND MAY NEVER BE CAPABLE OF UBIQUITOUS IMPLEMENTATION.....	6
III. BILLED PARTY PREFERENCE WOULD ADD NEW DIMENSIONS OF CONSUMER INCONVENIENCE, CONFUSION AND FRUSTRATION TO LONG DISTANCE 0+ CALLING.....	9
IV. EQUAL ACCESS AND ENHANCED OPPORTUNITIES FOR COMPETITION IN THE OPERATOR SERVICES MARKET CAN BE ATTAINED WITHOUT BILLED PARTY PREFERENCE.....	12
CONCLUSION.....	13

SUMMARY

The initial comments submitted in this proceeding demonstrate that billed party preference would not serve the public interest and should not be implemented. The comments of participating local exchange carriers indicate that implementation of billed party preference would be a very costly undertaking. Indeed, based upon figures supplied by the Regional Bell Operating Companies plus the largest independent LECs, the cost of implementing billed party preference nationwide would approximate, and likely exceed, one billion dollars. In addition, there would be recurring costs of at least one hundred million dollars per year. Moreover, several LECs have conditioned their support for billed party preference on adoption of cost recovery methodologies which would ensure that their costs would be recovered even if consumers and operator service providers opted for access code dialing. If billed party preference costs can only be recovered by imposing charges on those who elected not to use the service, then it clearly is not worth its one billion dollar or greater implementation cost and it should not be implemented.

Moreover, the initial comments reveal that, notwithstanding its costs, billed party preference would not be a near term solution to any problem since it could not be implemented until late in this decade and quite possibly, not until the twenty-first century. Development of a system of billed party preference would require far more than the Line Information Database (LIDB). It would necessitate massive rerouting, development and procurement of new and larger OSS switches, and new software programs and operating systems. Several of the systems upon which billed party preference would be dependent are in their early stages of development and, according to the LECs, vendors do not even know when those systems will be available. For many 0+ calls (e.g., calls from territories served by independent LECs, calls charged to commercial credit cards and calls charged to international calling cards), billed party preference might never become available.

Billed party preference would not be "user friendly." It would require all calling card-issuing carriers (except the LECs and AT&T) to reissue cards in either the CIID or 891 format. Further, it would require consumers, long accustomed to the ease of line number-based calling cards, either to memorize or look up for each call attempt a lengthy, unfamiliar 14 digit card number. It would also increase access delay and the potential for telephone fraud.

Finally, billed party preference should not be the mechanism for rectifying AT&T's historic market domination perpetuated by its unreasonable practices regarding issuance and validation of its so-called "proprietary" CIID cards. Instead, the Commission should act swiftly to require that all proprietary cards either be limited to access code dialing or that the card issuer allow all other operator service providers to validate those cards.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

RECEIVED

AUG 27 1992

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

BILLED PARTY PREFERENCE
FOR 0+ INTERLATA CALLS

CC Docket No. 92-77

REPLY COMMENTS OF PHONETEL TECHNOLOGIES, INC.

PhoneTel Technologies, Inc. ("PhoneTel"), by its attorneys, hereby submits its reply comments on the Commission's proposal to implement a system of billed party preference.

INTRODUCTION

On or about July 7, 1992, comments were filed by approximately fifty-five parties in response to the billed party preference proposal contained in the Commission's notice of proposed rulemaking in this proceeding.¹ Those initial comments reflect significant disagreement among the parties as to whether a system of billed party preference would serve the public interest. There is, however, virtual unanimity among commenters that billed party preference would be a very costly undertaking, irrespective how it is implemented. The Commission must now determine whether the public interest benefits of billed party preference are worth the cost to operator service providers ("OSPs"), to local exchange carriers ("LECs"), and ultimately to consumers. For reasons that will be discussed more fully in these reply comments, PhoneTel believes that the costs of billed party preference will greatly exceed any conceivable public interest benefits. Moreover,

¹ In the Matter of Billed Party Preference for 0+ InterLATA Calls (Notice of Proposed Rulemaking), 7 FCC Rcd 3027 (1992) (hereinafter, "NPRM" or "Notice").

the initial comments demonstrate that billed party preference will create substantial and significant new problems and would, in fact, undermine opportunities for development of a competitive marketplace for operator-assisted telecommunications services.

In its initial comments, PhoneTel demonstrated that the billed party preference proposal, notwithstanding any superficial appeal, would create significant implementation problems, would unnecessarily increase the costs of providing operator-assisted services and ultimately the prices paid by consumers. In addition, it explained that billed party preference could not be implemented ubiquitously, would cause customer inconvenience and confusion, would heighten the potential for toll fraud, and would transform the market for operator services into an adjunct of the so-called "1+" market, dominated by three major national carriers (mostly by one dominant carrier). Moreover, passage of the Telephone Operator Consumer Services Improvement Act of 1990 ("TOCSIA")² and implementation of the Commission's operator service and telephone aggregator regulations³ have obviated any necessity for a system of billed party preference. As PhoneTel noted in its initial comments, enactment of TOCSIA and implementation of the Commission's rules ensure that consumers will be able to reach their preferred operator service provider from all telephones, that they will be fully informed of the identity of the carrier handling their calls prior to charges being incurred and that rate information will be readily available.⁴ Nothing in the initial comments of other parties refutes any of these conclusions. Indeed, the record established in the initial comments provides ample evidence that billed party preference is not necessary to achieve any of the Commission's stated public interest objectives.

² TOCSIA is codified at Section 226 of the Communications Act of 1934, as amended, 47 U.S.C. §226 (1991).

³ Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation (Report and Order and Further Notice of Proposed Rulemaking), 6 FCC Rcd 4736 (1991).

⁴ Initial Comments of PhoneTel at 14-16.

**I. ANTICIPATED COSTS OF BILLED
PARTY PREFERENCE GREATLY
EXCEED EARLIER PROJECTIONS**

In accordance with the Commission's directive, most commenting local exchange carriers, including each of the Bell Operating Companies ("BOCs"), provided estimates of their anticipated costs of billed party preference implementation. These estimates are preliminary and are based upon incomplete information.⁵ As Southwestern Bell expressly recognized, its earlier billed party preference cost estimates can only be considered to be a "floor."⁶ Notwithstanding the preliminary, incomplete and speculative nature of the billed party preference implementation estimates provided by the commenting LECs, it is apparent that the costs of billed party preference will be far greater than earlier estimates indicated and far beyond even the highest projections noted by the Commission in its Notice.⁷

Based upon the estimates provided by LECs, it appears that the costs to implement billed party preference nationwide will approximate, and quite possibly exceed, one billion dollars. Those projected costs are for implementation only. In addition, billed party preference will cause in excess of one hundred million dollars annually in recurring costs to be incurred. These amounts are derived from the comments of the LECs. According to those comments, the estimated implementation costs for each of the BOCs, plus several of the largest independent LECs, are as follows:

Ameritech	\$52.5 million ⁸
-----------	-----------------------------

⁵ For example, Pacific Bell candidly admits that estimates of costs for a system still under development are "speculative." Pacific Bell Comments at 19. Similarly, Southwestern Bell states that its vendors' estimates of billed party preference implementation costs increased by sixty-eight percent within two weeks prior to filing its initial comments. It even admitted that it could not yet predict billed party preference costs. Southwestern Bell Comments at 13.

⁶ Southwestern Bell Comments, supra, at 13.

⁷ Notice, supra, at 3031.

⁸ Ameritech Comments at 16.

Bell Atlantic	125.5 million ⁹
BellSouth	146 million ¹⁰
NYNEX	82.6 million ¹¹
Pacific Bell	103 million ¹²
Southwestern Bell	127 million ¹³
U S West	149 million ¹⁴
GTE	84 million ¹⁵
Southern New England	33 million ¹⁶
United	53 million ¹⁷

Based upon the above figures, the costs for those named companies to implement a system of billed party preference for all 0+ and 0- traffic would exceed \$955 million.¹⁸ To that amount

⁹ Bell Atlantic Comments at Appendix A, p.1 (includes capital costs of \$39.5 million and one-time expenses of \$86 million).

¹⁰ BellSouth Comments at 12 (includes capital costs of \$24.9 million and initial expenses of \$120.7 million).

¹¹ NYNEX Comments at 2.

¹² Pacific Bell Comments at 19-22.

¹³ Southwestern Bell Comments at 10.

¹⁴ U S West Comments at Appendix p. 2.

¹⁵ GTE Comments at 11.

¹⁶ Southern New England Comments at 3.

¹⁷ Comments of the Sprint Corporation at Exhibit B.

¹⁸ Virtually all commenting LECs as well as others who support billed party preference urge the Commission to require its implementation for all 0+ and 0- traffic. Moreover, as BellSouth notes, most of the costs of billed party preference implementation would not vary with the number of originating lines (i.e., pay phones versus all phones). BellSouth Comments at 9.

must be added the implementation costs of the many other LECs which either did not file comments or did not provide specific cost estimates.

Moreover, these implementation cost estimates are only approximations and do not include the recurring costs. Some commenting LECs provided estimates of recurring costs, others did not. Based upon those that did provide such cost estimates, it appears that the annual cost of billed party preference would be at least \$100 million .

Not only do the initial comments reveal that the costs of implementing billed party preference are likely to be well in excess of one billion dollars, there is considerable disagreement as to how those costs are to be recovered. For example, NYNEX has proposed that billed party preference costs should be recovered directly from end users through an increase in the End User Common Line charge.¹⁹ Other LECs urge that billed party preference costs be recovered through per call charges on all OSPs, irrespective whether or not billed party preference is even used.²⁰ Those companies fear that OSPs could "bypass" the LECs' billed party preference systems by encouraging callers to use 10XXX or even 950 or 800 access numbers.

This stated concern demonstrates in a most graphic manner why billed party preference would not be worth its cost and why its implementation should not be required. In "tentatively concluding" that billed party preference would serve the public interest,²¹ the Commission stated that it would make operator services more "user friendly," since callers would be able to make their operator-assisted calls on a 0+ basis with the knowledge that their calls would be handled by the OSP with whom the billed party prefers to do business.²² If that were indeed a public interest benefit, it would follow that the recipients of that benefit, i.e. consumers, would be willing to pay

¹⁹ NYNEX Comments at 19.

²⁰ See, e.g., Comments of U S West at 20, Comments of GTE at 13.

²¹ Notice, supra at 3029.

²² Id., at 3030.

for it. Now, however, the LECs, having concluded that the cost of implementation would exceed one billion dollars, fear that consumers will be encouraged by their OSPs to use access codes in order to avoid having to pay charges which include billed party preference costs and that, as a result, billed party preference will not be used. Stated simply, if billed party preference costs must be recovered in a manner which imposes its billion dollars in costs on those who elect not to use the service, it cannot be worth the billion dollar implementation cost and should not be implemented.²³

II. IRRESPECTIVE OF COST, BILLED PARTY PREFERENCE CANNOT BE IMPLEMENTED FOR YEARS AND MAY NEVER BE CAPABLE OF UBIQUITOUS IMPLEMENTATION

Based upon the initial comments, it is apparent that billed party preference, whatever its attributes, is not an immediate or short-term solution to anything. In addition to being far more expensive than the Commission and its proponents have anticipated, the technology needed for its implementation is not yet developed and it could not be implemented until at least 1996. In fact, it probably could not be implemented until the year 2000 or beyond.

In 1988, the United States District Court with jurisdiction over the Modification of Final Judgment²⁴ issued an opinion wherein it directed the BOCs to implement a system of premises owner presubscription as the means for providing equal access from public telephones.²⁵ In that opinion, the court suggested that billed party preference might someday be a preferable means to

²³ In this regard, the NYNEX proposal to add billed party preference costs to the End User Common Line charge may have merit. To the extent that billed party preference is intended to satisfy consumer concerns that 0+ calls be automatically routed to the billed party's preferred carrier rather than the premises owner's carrier, then the costs of implementing that system should be borne by the universe of "billed parties"(i.e., the "cost causers"). If the demand for the service by billed parties is not sufficient to warrant the one billion dollar investment, then it should not be implemented.

²⁴ United States v. American Telephone and Telegraph Company, et al, 552 F. Supp. 131 (D.D.C. 1982), aff'd. sub nom. , Maryland v. United States, 460 U.S. 1001 (1983).

²⁵ United States v. Western Electric Company, Inc., 698 F. Supp. 348 (D.D.C. 1988).

provide public telephone equal access but that it could not be implemented until the BOCs' Line Information Data Base ("LIDB") became operational. The court's favorable comments about billed party preference were made without the benefit of any factual record about whether or how billed party preference could be implemented, its costs or its availability. The court's conclusion seemed to implicitly assume that once LIDB was operational, implementation of a billed party preference system would be an easy matter. Unlike the court, the Commission has before it extensive information about the cost, complexity and time frame needed to establish a system of billed party preference. Although the BOCs have largely implemented LIDB, it has now become apparent that billed party preference will require considerably more than LIDB. It will require the rerouting of all 0+ interLATA calls to the LECs' TOPS switches (i.e., massive trunk rearrangements) as well as new and larger TOPS switches to accommodate the increased traffic. It will also require several software upgrades -- upgrades which have not yet been developed, and additional personnel.²⁶ Indeed, two of the systems essential to implementation of billed party preference -- Automated Alternate Billing Services ("AABS") and OSS7 -- remain under development and it is not yet even known when they will be deployed -- or at what cost.

LEC predictions as to when billed party preference might be able to be implemented differ slightly from each other. For example, Pacific Bell states that if the Commission were to issue a decision by the end of 1992, implementation could not even begin until 1995. However, it also states that after system design (twelve to eighteen months), vendor development (eighteen months) and testing (six months), deployment would take at least an additional two years.²⁷ Under that projected schedule, billed party preference would not begin to be implemented in Pacific Bell territory until at least 1997-98. Other LECs expressed similarly long time frames. GTE projects an implementation period of at least four years.²⁸ U S West's "most optimistic" estimate is thirty-

²⁶ See, e.g., NYNEX Comments at 23.

²⁷ Pacific Bell Comments at 13.

²⁸ GTE Comments at 8.

nine to forty-five months following a Commission order requiring implementation of billed party preference.²⁹ Most of the other commenting LECs projected comparable implementation time frames. Since they mostly rely on the same vendors, the similarity of their implementation time frames is not surprising.

Under the implementation time frames estimated by the LECs, billed party preference would not become available until eight to ten years after passage of TOCSIA and promulgation of the Commission's operator service rules. In fact, by the time that billed party preference were to become available -- at whatever cost -- virtually every telephone aggregator in the nation would be required, pursuant to the Commission's rules, to upgrade or replace its telephone equipment in order to permit access to all carriers by 10XXX access.³⁰ Mandatory 950 and 800 access long would have been available at all locations. In short, by the time that billed party preference could be implemented by the LECs, there would be no need for it. Consumers would already have been able to reach their preferred carrier from all locations, carrier identification and rate information would have been readily available.³¹

While billed party preference could not be made available until the twenty-first century, for many consumers it would not be available even then and perhaps not ever. As proposed, billed party preference would only work with LEC-issued line-based cards and with those IXC calling

²⁹ U S West Comments at 11.

³⁰ Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation (Order on Reconsideration), FCC 92-275, released July 10, 1992.

³¹ Incredibly, Bell Atlantic -- one of the earliest proponents of billed party preference, now objects to deploying billed party preference in a manner which would even permit 10XXX access. Bell Atlantic Comments at 3. Thus, billed party preference as now contemplated by Bell Atlantic, would not even allow 10XXX dialing despite the Commission-imposed requirement that all aggregator telephone equipment must be modified or replaced in order to permit 10XXX access, and despite the Commission's determination that universal 10XXX access should be the long-term goal. See Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, 6 FCC Rcd 4736, 4738 (1991).

cards issued in either a CIID or 891 format.³² The commenting LECs were virtually unanimous in opposing any requirement that billed party preference accommodate 14 digit screening. Without 14 digit screening, only IXC calling cards issued in the CIID or 891 format will be capable of automatic routing to the card issuing IXC. Since only one IXC -- AT&T -- has so far issued calling cards in either of those formats, it is the only IXC that would be able to have its existing calling cards included in billed party preference.³³

Billed party preference also would not be available for calls that are charged either to commercial credit cards (e.g., American Express, VISA or MasterCard) or to international telephone calling cards, including those cards issued by telephone companies serving neighboring countries. Thus, at most, billed party preference will never become more than a system which permits some 0+ calls to be routed to the billed parties' preferred OSP without the use of access codes. For many callers and many calls, billed party preference will not be available irrespective of the cost and time that it takes to implement it.

III. BILLED PARTY PREFERENCE WOULD ADD NEW DIMENSIONS OF CONSUMER INCONVENIENCE, CONFUSION AND FRUSTRATION TO LONG DISTANCE 0+ CALLING

The Commission's suggestion that a system of billed party preference might make operator services more "user friendly"³⁴ is contradicted by the initial comments. Rather than enhancing

³² CIID is an acronym for "Card Issuer Identifier Card." It is a calling card numbering format jointly created by the BOCs and Bell Communications Research, Inc. ("Bellcore"). To date, only one OSP -- AT&T -- has issued calling cards in the CIID format. Although the CIID card numbering system was developed by Bellcore on behalf of the LECs and although those cards are capable of use on a 0+ basis, they have been accorded proprietary and discriminatory treatment by AT&T which denies validation access to most OSPs other than the LECs which may accept CIID cards for intraLATA toll calls and several others which AT&T has chosen to allow validation access e.g., GTE Airfone and Alascom. See Comments of PhoneTel on Proprietary Calling Cards and 0+ Access (Docket No. 92-77), filed June 17, 1992.

³³ Notwithstanding that apparent competitive advantage over other card-issuing OSPs, even AT&T opposes billed party preference. See Comments of AT&T.

³⁴ Notice., supra, at 3030.

consumer convenience, the record indicates that billed party preference would subject consumers to a plethora of new sources of calling inconvenience, delay, confusion and overall frustration with complexities in making telephone calls. For example, as noted above, unless the LECs designed billed party preference to accommodate 14 digit screening, only one carrier could issue to consumers line-based calling cards which would work in a billed party preference environment.³⁵ Assuming that a consumer's one line-based card-issuing carrier is a LEC, then any IXC or OSP issuing the consumer a calling card compatible with billed party preference would have to issue the card in either the CIID or 891 format. Yet, the comments indicate that the LECs are staunchly opposed to 14 digit screening -- a necessary precondition to multiple carriers issuing line-based calling cards. According to those LECs which discussed this issue, 14 digit screening would increase the costs and otherwise complicate provision of billed party preference.³⁶

To date, only one OSP -- AT&T -- has issued calling cards in either the 891 or the CIID format. Thus, all other card-issuing carriers would have to reissue their calling cards in one of those formats in order for those cards to function with billed party preference. For the carriers, this would result in the cost and inconvenience of massive card reissuance projects. For their consumers, this would necessitate having to dispose of those carriers' line-based (or other format) cards, learning a new "scrambled" 14 digit card number (not based on their telephone number) and/or having to refer to that long, unfamiliar and difficult-to-remember number every time the consumer attempted to initiate a calling card call. The "inconvenience" of dialing a five digit access code well-publicized by the issuing carrier and easily committed to memory pales in comparison with the inconvenience of card reissuances and dialing 14 digit CIID codes.³⁷

³⁵ See, e.g., Comments of Sprint Corporation at 11-12.

³⁶ See, e.g., Comments of BellSouth at 7-8, Ameritech at 12-13, GTE at 8-9.

³⁷ One commenting LEC, BellSouth, identified a Bellcore focus group study of consumer attitudes toward access code dialing. That study indicated that access code dialing was not viewed as a significant issue by the consumers surveyed. See BellSouth comments at 9.

Another source of consumer inconvenience would be the increased access time associated with 0+ calls. The necessity to route 0+ calls to LEC OSS tandems and to perform LIDB database queries inevitably would increase the amount of post-dial delay. While the comments reflect some differences in the amount of access delay which would be experienced, there is a consensus that increased delay occasioned by billed party preference would occur. Some LECs predict relatively modest levels of delay. Ameritech, for example, projects delays of .5 to four seconds.³⁸ Others project far longer delay periods. U S West indicates that delays would range from six to thirty seconds.³⁹ Although the delay problem might be reduced following implementation of OSS 7, that system is not even close to being available. When it will become available and where remains speculative. In fact, at least one major independent LEC has indicated that, irrespective when vendors make the system available, independent LECs will need more time than their BOC counterparts to implement it and should not be held to the same service standards as the BOCs.⁴⁰ In short, there is general agreement that consumers would experience significantly increased delay in call completion as a result of billed party preference and that the delay could continue to be a problem for an indefinite period, especially in territories served by independent LECs.

Moreover, the initial comments indicate that the "double operator" problem, i.e., the need for consumers to communicate with two or more operator systems in order to provide billing information and to complete calls, would exist at least until OSS 7 and AABS are operational. In its initial comments, PhoneTel explained that the need to communicate with two operator systems not only would cause consumer irritation, inconvenience and delay, but it would enhance the opportunity for toll fraud.⁴¹ In considering whether to mandate billed party preference, the

³⁸ Ameritech Comments at 15.

³⁹ U S West Comments at 12.

⁴⁰ Sprint Corporation Comments at 12. Although Sprint, on behalf of its IXC affiliate, advocates implementation of billed party preference, on behalf of its LECs, the United Telephone Companies, it seeks additional time to meet the BOC standards.

⁴¹ PhoneTel Comments at 13-14.

Commission must remain mindful of the many ways in which billed party preference would inconvenience, confuse and delay consumers as well as subject them to an increased possibility of becoming victims of telephone fraud.⁴²

**IV. EQUAL ACCESS AND ENHANCED
OPPORTUNITIES FOR COMPETITION IN THE
OPERATOR SERVICES MARKET CAN BE
ATTAINED WITHOUT BILLED PARTY
PREFERENCE**

MCI, one of the proponents of billed party preference, has asserted that premises owner presubscription has failed to produce competition in the operator services market. Further, MCI attributes that failure to AT&T's refusal to allow other OSPs to validate its 0+ CIID cards.⁴³ PhoneTel concurs with MCI that the proliferation of AT&T CIID cards, the promotion of those cards as a 0+ calling card notwithstanding their asserted proprietary status, and AT&T's unilateral refusal to permit validation of those cards by most, but not all, other OSPs has, indeed, undermined operator services competition. However, PhoneTel does not believe that a costly and inherently complex system of billed party preference is the most appropriate vehicle to rectify those abuses and bring about full and fair competition in the operator services marketplace.

In the Notice, the Commission discussed the issues of proprietary calling cards and 0+ access and solicited comments on a proposal for preventing proprietary calling cards from being used on a 0+ basis.⁴⁴ Specifically, the Commission proposed that AT&T either share the billing and validation data with other carriers or that use of those so-called proprietary cards be restricted to access code dialing.⁴⁵ PhoneTel supports the notion that CIID and other proprietary cards not

⁴² PhoneTel applauds the Commission's heightened concern about telephone fraud as evidenced by its scheduling of a hearing on the subject. See, Public Notice - "FCC to Hold En Banc Hearing on Toll Fraud in October", Mimeo 23921, released July 9, 1992.

⁴³ MCI Comments at 2.

⁴⁴ Notice, supra at 3033-3034.

⁴⁵ Id., at 3033.

be allowed to be used on a 0+ dialing basis.⁴⁶ As described throughout these reply comments, the record established in this proceeding leads inexorably to the conclusion that billed party preference is not a practical means for bringing about competition in the operator services market. For that reason, it is now imperative that the Commission address and resolve expeditiously the competitive inequities which have resulted from the improper calling card practices of AT&T in connection with its CIID card issuance, promotional and validation practices.

CONCLUSION

For all of the foregoing reasons as well as those discussed in PhoneTel's initial comments in the billed party preference phase of this docket, it is clear that, notwithstanding the Commission's "tentative conclusion," billed party preference would not serve the public interest. Its anticipated costs, though still speculative, far exceed earlier projections. It could not be implemented until, at the earliest, the late 1990's, and possibly, later. For some locations and for certain types of calling cards, it would not be available at all. Rather than mandating development and implementation of a costly, complex and infeasible system which many consumers do not want and which most providers of local and interexchange telephone service oppose, the Commission should direct its efforts toward resolving the current competitive inequities surrounding the proprietary treatment of 0+ calling cards.

Respectfully submitted,

PHONETEL TECHNOLOGIES, INC.



Mitchell F. Brecher
DONELAN, CLEARY, WOOD & MASER, P.C.
1275 K Street, N.W., Suite 850
Washington, D.C. 20005
(202) 371-9500

Its Attorneys

August 27, 1992

⁴⁶ See Comments of PhoneTel Technologies, Inc. on Proprietary Calling Cards and 0+ Access (Docket No. 92-77), filed June 17, 1992.

CERTIFICATE OF SERVICE

I, Raina N. Price-Webster, hereby certify that copies of the foregoing Reply were mailed, this 27th day of August, 1992, via First Class Mail, postage prepaid, to the parties listed on the attached Service List. Copies were hand-delivered to indicated parties (noted with an asterisk *).

Raina price webster
Raina N. Price-Webster

DOWNTOWN COPY CENTER*
1919 M Street, N.W.
Room 246
Washington, DC 20554

CHERYL A TRITT, CHIEF*
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W.
Room 500
Washington, DC 20554

GARY PHILLIPS*
Office of Policy &
Program Planning
Federal Communications Commission
1919 M Street, N.W.
Room 544
Washington, DC 20554

JAMES D. SCHLICHTING*
Chief of Policy & Program Planning
Federal Communications Commission
1919 M Street, N.W.
Room 544
Washington, DC 20554

AMY S. GROSS
NYCOM Information Services, Inc.
and American Network
Exchange, Inc.
2701 Summer Street, Suite 200
Stamford, CT 06905

JEAN L. KIDDOO
ANN P. MORTON
Swidler & Berlin
3000 K Street, N.W.
Suite 300
Washington, DC 20007

HUGH J. MACBETH
Manager, Telecommunications
Greater Orlando Aviation Authority
One Airport Blvd.
Orlando, FL 32847-4399

DEBRA L. LAGAPA
MARY K. O'CONNELL
Morrison & Foerster
2000 Pennsylvania Ave., N.W.
Suite 5500
Washington, DC 20006

JAMES R. YOUNG
JOHN M. GOODMAN
CHARLES H. KENNEDY
1710 H Street, N.W.
Washington, DC 20006

STEPHEN G. KRASKIN, ESQ.
2120 L Street, N.W.
Suite 300
Washington, DC 20037

VERONICA M. AHERN, ESQ.
Nixon, Hargrave, Devans & Doyle
Suite 800
One Thomas Circle
Washington, DC 20005

ROY L. MORRIS, ESQ.
Deputy General Counsel
Allnet Communication Services, Inc.
1990 M Street, N.W.
Suite 500
Washington, DC 20036

RANDOLPH J. MAY
DAVID A. GROSS
ELIZABETH C. BUCKINGHAM
Sutherland, Asbill & Brennan
1275 Pennsylvania Avenue, N.W.
Washington, DC 20004-2404

JOHN A. LIGON, ESQ.
128 Mount Hebron Road
P.O. Box 880
Upper Montclair, NJ 07043

JOHN F. DODD
BRAD I. PEARSON
Smith, Gill, Fisher & Butts
One Kansas City Place
1200 Main St., 35th Floor
Kansas City, MO 64105-2152

CHARLES P. MILLER
Executive Vice President/General Counsel
Value-Added Communications
1901 S. Meyers Road
Suite 530
Oakbrook Terrace, IL 60181

MARY J. SISAK, ESQUIRE
DONALD J. ELARDO, ESQUIRE
MCI Telecommunications Corporation
1801 Pennsylvania Avenue, N.W.
Washington, DC 20006

WALTER STEIMEL, JR.
Fish & Richardson
601 13th Street, N.W.
5th Floor North
Washington, DC 20005

MAURICE D. MURPHY
Associate Director, Network Services
Harvard University
Office for Information Technology
10 Ware Street
Cambridge, MA 02138

DOUGLAS N. OWENS
Law Offices
4705 16th Ave., N.E.
Seattle, WA 98105

NANCI ADLER
Technologies Management, Inc.
163 E. Morse Boulevard
Winter Park, FL 32789

ABE NARKUNSKI
President
Public Commun. Assoc., LTD, Inc.
200 Canale Drive
Egg Harbor Twshp., NJ 08232

ALBERT H. KRAMER
ROBERT F. ALDRICH
Keck, Mahin & Cate
1201 New York Avenue, N.W.
Penthouse Suite
Washington, DC 20005

ALAN J. THIEMANN
Taylor Thiemann & Aitken
908 King Street
Suite 300
Alexandria, VA 22314

JUDITH ST. LEDGER-ROTY
MICHAEL R. WACK
Reed Smith Shaw & McClay
1200 18th Street, N.W.
Washington, DC 20036

KEITH J. ROLAND
Roland, Fogel, Koblenz & Carr
1 Columbia Place
Albany, NY 12207

W. DEWEY CLOWER
G. TIMOTHY LEIGHTON
National Assoc. of
Truck Stop Operators
1199 North Fairfax Street
Suite 801
Alexandria, VA 22314

MARTIN T. MCCUE
LINDA KENT
United States Telephone Association
900 19th Street, N.W.
Suite 800
Washington, DC 20006-2105

GENEVIEVE MORELLI
Vice-President and General Counsel
Competitive Telecommunications
Association
1140 Connecticut Avenue, N.W.
Suite 220
Washington, DC 20036

CATHERINE R. SLOAN
Vice President,
Federal Affairs
LDDS Communications, Inc.
1825 I Street, N.W.
Suite 400
Washington, DC 20006

MARGOT SMILEY HUMPHREY
Koteen & Naftalin
1150 Connecticut Avenue, N.W.
Washington, DC 20036

JACK A. MCLEAN
President
Richfield Truck Stop
J. Arrow, Inc.
P.O. Box 28, Holy Hill Exit
U.S. 41-45 State 167 West
Richfield, WI 63076

FRANCINE J. BERRY
MARK C. ROSENBLUM
PETER H. JACOBY
RICHARD H. RUBIN
AT&T Co.
295 N. Maple Ave., Room 3244J1
Basking Ridge, NJ 07920

LISA M. ZAINA
General Counsel
OPASTCO
2000 K Street, N.W.
Suite 205
Washington, DC 20006

W. AUDIE LONG
Senior Vice President
Legal & Regulatory
U.S. Long Distance, Inc.
9311 San Pedro
Suite 300
San Antonio, TX 78216

DOUGLAS F. BRENT
Associate Counsel
Advanced Telecommunications Corp.
10000 Shelbyville Road
Louisville, KY 40223

BOB F. MCCOY
JOSEPH W. MILLER
WilTel, Inc.
P.O. Box 2400
One Williams Center
Tulsa, OK 74102

RICK L. ANTHONY
Executive Vice President
Quest Communications Corporation
6600 College Boulevard
Suite 205
Overland Park, KS 66211

JOHN J. HUBER
Counsel
Petroleum Marketers Assoc. of America
1120 Vermont Ave., N.W.
Suite 1130
Washington, DC 20005-3523

ROCHELLE D. JONES
Director-Regulatory
The Southern New England
Telephone Company
227 Church Street
4th Floor
New Haven, CT 06510

RANDALL B. LOWE
CHARLES H.N. KALLENBACH
Jones, Day, Reavis & Pogue
Metropolitan Square
1450 G Street, N.W.
Washington, DC 20005-2088

DANNY E. ADAMS
RACHEL J. ROTHSTEIN
STEVEN A. AUGUSTINO
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, DC 20006

GREGG C. SAYRE
JOSEPHINE S. TRUBEK
Rochester Tel Center
180 South Clinton Avenue
Rochester, NY 14646-0700

GREG CASEY
SR. VICE PRESIDENT, REG. AFFAIRS
JANE A. FISHER
DIRECTOR, FEDERAL REGULATORY (ACTING)
International Telecharge, Inc.
6707 Democracy Blvd.
Bethesda, MD 20817

LEON M. KESTENBAUM
JAY C. KEITHLEY
H. RICHARD JUHNKE
Sprint Corporation
1850 M. Street, N.W.
11th Floor
Washington, DC 20036

CRAIG T. SMITH
Sprint Corporation
P.O. Box 11315
Kansas City, MO 64112

WILLIAM B. BARFIELD
RICHARD M. SBARETTA
HELEN A. SHOCKEY
Bellsouth Telecommunications, Inc.
1155 Peachtree Street, N.E.
Suite 1300
Atlanta, GA 30367-6000

FLOYD S. KEENE
LARRY A. PECK
Ameritech Operating Companies
2000 W. Ameritech Center Drive
Room 4H86
Hoffman Estates, IL 60196-1025

PATRICK A. LEE
EDWARD E. NIEHOFF
NYNEX Telephone Companies
120 Bloomingdale Road
White Plains, NY 10605

DURWARD D. DUPRE
RICHARD C. HARTGROVE
JOHN PAUL WALTERS, JR.
Southwestern Bell Telephone Company
1010 Pine Street
Room 2114
St. Louis, MO 63101

GAIL L. POLIVY
GTE Service Corporation
1850 M Street, N.W.
Suite 1200
Washington, DC 20036

JAMES P. TUTHILL
NANCY C. WOOLF
Pacific Bell and Nevada Bell
140 New Montgomery, Street
Room 1523
San Francisco, CA 94105

JAMES L. WURTZ
Pacific Bell and Nevada Bell
1275 Pennsylvania Avenue, N.W.
Washington, DC 20004

LAWRENCE E. SARJEANT
RANDALL S. COLEMAN
U.S. West Communications, Inc.
1020 19th Street, N.W.
Suite 700
Washington, DC 20036

*Copies delivered via messenger